

# SENATE BILL 507

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By: **Senator Middleton**

Introduced and read first time: February 3, 2010

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Injured Workers' Insurance Fund – Status and Renaming**

3 FOR the purpose of renaming the Injured Workers' Insurance Fund as the  
4 Chesapeake Employers' Mutual Insurance Company; requiring the Company to  
5 be a certain authorized mutual insurer; requiring the Insurance Commissioner  
6 to issue and renew certain certificates of authority; altering the provisions of  
7 law that apply to the Company that applied to the Fund; specifying that the  
8 Company is a statutorily created nonprofit insurer that is not a unit of State  
9 government; providing that an employee of the Company is not an employee of  
10 the State and is not subject to certain laws; repealing certain provisions relating  
11 to the setting of compensation and removal of employees; including certain  
12 earnings as assets of the Company; providing that if the Company is placed in  
13 conservatorship or receivership or becomes insolvent, the State has no liability  
14 or responsibility to certain parties; providing that the State has no interest in  
15 the assets of the Company; prohibiting the State from taking certain actions  
16 regarding the revenues, money, or assets of the Company; providing that  
17 certain employees shall continue as members of certain retirement systems  
18 under certain circumstances; providing that certain employees are not members  
19 of certain retirement systems under certain circumstances; providing that  
20 certain employees may elect to continue as members of certain retirement  
21 systems under certain circumstances; requiring that the Company is liable to  
22 certain retirement systems under certain circumstances; requiring the  
23 Company to notify policyholders of certain cancellations of insurance in  
24 accordance with a certain provision of law; repealing the requirement that  
25 employees of the Fund are State personnel; providing that the Company is a  
26 certain qualifying not-for-profit organization; requiring the Company to pay to  
27 the Board of Trustees certain employer contributions; providing that employees  
28 who were hired by the Fund on or before a certain date are subject to certain  
29 provisions relating to the removal of employees; providing that the Company is  
30 the successor of the Fund; requiring that functions, powers, duties, equipment,  
31 assets, liabilities, and employees of the Fund be transferred to the Company;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 requiring the publisher of the Annotated Code of Maryland, in consultation with  
2 the Department of Legislative Services, to correct certain cross-references and  
3 terminology; altering certain definitions; making stylistic changes; repealing  
4 duplicative provisions; providing for a delayed effective date; and generally  
5 relating to the status and renaming of the Injured Workers' Insurance Fund.

6 BY repealing and reenacting, without amendments,  
7 Article – Labor and Employment  
8 Section 10–101(a), (d), and (f) and 10–130(a)  
9 Annotated Code of Maryland  
10 (2008 Replacement Volume and 2009 Supplement)

11 BY repealing and reenacting, with amendments,  
12 Article – Labor and Employment  
13 Section 10–101(c) and (e), 10–104 through 10–109, 10–113, 10–114(b), 10–117,  
14 10–118, 10–120, 10–122(c) through (e), 10–125 through 10–127,  
15 10–130(b) and (c), 10–133, and 10–135 through 10–138  
16 Annotated Code of Maryland  
17 (2008 Replacement Volume and 2009 Supplement)

18 BY adding to  
19 Article – Labor and Employment  
20 Section 10–119  
21 Annotated Code of Maryland  
22 (2008 Replacement Volume and 2009 Supplement)

23 BY repealing and reenacting, without amendments,  
24 Article – State Government  
25 Section 12–101(a)(1)  
26 Annotated Code of Maryland  
27 (2009 Replacement Volume)

28 BY repealing and reenacting, with amendments,  
29 Article – State Government  
30 Section 12–101(a)(2)  
31 Annotated Code of Maryland  
32 (2009 Replacement Volume)

33 BY repealing and reenacting, with amendments,  
34 Article – State Personnel and Pensions  
35 Section 2–512(a), 22–201(a)(8) and (9), and 23–201(a)(17) and (18) and (b)(10)  
36 and (11)  
37 Annotated Code of Maryland  
38 (2009 Replacement Volume and 2009 Supplement)

39 BY adding to  
40 Article – State Personnel and Pensions  
41 Section 21–307(p), 22–201(a)(10), and 23–201(a)(19) and (b)(12)

1 Annotated Code of Maryland  
2 (2009 Replacement Volume and 2009 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
4 MARYLAND, That the Laws of Maryland read as follows:

5 **Article – Labor and Employment**

6 10–101.

7 (a) In this subtitle the following words have the meanings indicated.

8 (c) “Board” means the Board for the [Injured Workers’ Insurance Fund]  
9 **CHESAPEAKE EMPLOYERS’ MUTUAL INSURANCE COMPANY.**

10 (d) “Commissioner” means the Maryland Insurance Commissioner.

11 (e) [“Fund” means the Injured Workers’ Insurance Fund] **“COMPANY”**  
12 **MEANS THE CHESAPEAKE EMPLOYERS’ MUTUAL INSURANCE COMPANY.**

13 (f) “Policyholder” means an employer who holds a policy of insurance under  
14 this subtitle.

15 10–104.

16 (A) There is [an Injured Workers’ Insurance Fund] **A CHESAPEAKE**  
17 **EMPLOYERS’ MUTUAL INSURANCE COMPANY.**

18 (B) (1) **THE COMPANY SHALL BE AN AUTHORIZED MUTUAL INSURER**  
19 **UNDER TITLE 4 OF THE INSURANCE ARTICLE.**

20 (2) **IN ACCORDANCE WITH TITLE 4 OF THE INSURANCE ARTICLE,**  
21 **THE COMMISSIONER SHALL ISSUE AND RENEW CERTIFICATES OF AUTHORITY**  
22 **TO THE COMPANY TO WRITE WORKERS’ COMPENSATION INSURANCE.**

23 10–105.

24 [(a)] Except for [Title 3, Subtitle 1,] **§§ 3–108, 3–121, 3–121.1, 3–123 AND**  
25 **3–123.1,** Title 6, Subtitle 1[, Title 8, Subtitle 3], and Title 11 of the Insurance Article  
26 and as otherwise provided by law, the [Fund] **COMPANY** is subject to the Insurance  
27 Article to the same extent as an authorized domestic workers’ compensation insurer.

28 [(b)] Notwithstanding subsection (a) of this section, the Fund shall register  
29 with the Commissioner and be subject to the provisions of Title 8, Subtitle 3 of the  
30 Insurance Article if the Fund operates as an administrator, as defined in § 8–301 of  
31 the Insurance Article.]

1 10–106.

2 (a) Subject to subsection (b) of this section, the [Fund] COMPANY shall  
3 operate [in a manner similar to] AS an authorized domestic workers' compensation  
4 insurer.

5 (b) The [Fund] COMPANY shall:

6 (1) serve as a competitive insurer in the marketplace;

7 (2) guarantee the availability of workers' compensation insurance in  
8 the State;

9 (3) serve as the workers' compensation insurer of last resort; and

10 (4) engage only in the business of workers' compensation insurance in  
11 accordance with State law.

12 10–107.

13 (a) **(1) The [Fund] COMPANY IS A STATUTORILY CREATED**  
14 **NONPROFIT INSURER.**

15 **(2) THE COMPANY IS NOT A UNIT OF STATE GOVERNMENT AND** is  
16 independent of all State units.

17 (b) **[(1)] Except as OTHERWISE SPECIFICALLY provided in [paragraph (2)**  
18 **of this subsection and elsewhere in this subtitle] LAW, the [Fund] COMPANY is not**  
19 **subject to any law, including § 6–106 of the State Government Article, that affects**  
20 **governmental units.**

21 **[(2) The Fund is subject to:**

22 (i) Title 10, Subtitle 6, Part III of the State Government Article;

23 (ii) Title 12 of the State Government Article;

24 (iii) the Maryland Public Ethics Law; and

25 (iv) Title 5, Subtitle 3 of the State Personnel and Pensions  
26 Article.

27 (3) Paragraph (1) of this subsection does not affect the exemption from  
28 property tax under § 7–210 of the Tax – Property Article.]

1 (c) The [Fund] COMPANY is a member of the Property and Casualty  
2 Insurance Guaranty Corporation.

3 10-108.

4 Beginning with calendar year 1994, the calendar year is the fiscal year of the  
5 [Fund] COMPANY.

6 10-109.

7 There is a Board for the [Injured Workers' Insurance Fund] CHESAPEAKE  
8 EMPLOYERS' MUTUAL INSURANCE COMPANY.

9 10-113.

10 (a) The Board:

11 (1) shall appoint a President of the [Fund] COMPANY;

12 (2) shall appoint or employ attorneys to advise and represent the  
13 [Fund] COMPANY in all legal matters and, where necessary, to sue or defend suits in  
14 the name of the [Fund] COMPANY; and

15 (3) may employ other staff.

16 (b) [(1) Except as provided in paragraph (2) of this subsection, employees  
17 of the Fund are special appointments.

18 (2) A classified employee of the Fund hired before July 1, 1990 in a  
19 nonprofessional or nontechnical position shall remain a member of the classified  
20 service or its equivalent in the State Personnel Management System as long as the  
21 employee remains in a nonprofessional or nontechnical position with the Fund]  
22 **EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED BY LAW, AN EMPLOYEE OF**  
23 **THE COMPANY IS NOT AN EMPLOYEE OF THE STATE AND IS NOT SUBJECT TO**  
24 **ANY LAW OR REGULATION GOVERNING STATE EMPLOYMENT OR**  
25 **COMPENSATION.**

26 [(c) (1) Except as otherwise provided by law, the Board shall set  
27 compensation for its employees.

28 (2) To the extent practicable, the Board shall set the compensation in  
29 accordance with the State pay plan.

30 (d) (1) This subsection does not apply to the layoff of an employee because  
31 of lack of work.

1 (2) A special appointment employee of the Fund may not be  
2 permanently removed unless:

3 (i) written charges are filed;

4 (ii) the employee has an opportunity for a hearing in accordance  
5 with Title 10, Subtitle 2 of the State Government Article; and

6 (iii) there is cause for removal.]

7 10–114.

8 (b) (1) The Board shall have a plan to promote the services of the [Fund]  
9 COMPANY to employers in the State.

10 (2) As part of the plan, the Board may prepare a pamphlet about the  
11 [Fund] COMPANY and provide copies to each county for distribution to businesses  
12 with personal property tax bills.

13 10–117.

14 The Board:

15 (1) shall use the [Fund] COMPANY to insure employers against  
16 liability under Title 9 of this article; and

17 (2) may use the [Fund] COMPANY:

18 (i) to provide employer's liability insurance; and

19 (ii) on behalf of a policyholder, to pay benefits equal to benefits  
20 allowed under:

21 1. a compensation law of another state; or

22 2. a federal compensation law.

23 10–118.

24 (a) The [Fund] ASSETS OF THE COMPANY shall consist of ALL REVENUE  
25 RECEIVED BY THE COMPANY INCLUDING:

26 (1) premiums for insurance that the [Fund] COMPANY issues;

27 (2) EARNINGS FROM THIRD-PARTY ADMINISTRATIVE AND  
28 RELATED ACTIVITIES;

1           **(3)** income from investments under § 10–122 of this subtitle; AND

2           ~~[(3)]~~ **(4)** interests on deposits or investments of money from the  
3 [Fund; and

4           **(4)** the money that the Attorney General collects under § 10–133(c) of  
5 this subtitle on debts] COMPANY.

6           **(b)** The [Fund] ASSETS OF THE COMPANY shall include each security or  
7 other property that is acquired with money of the [Fund] COMPANY.

8           **(c)** The Board shall use the [Fund] ASSETS OF THE COMPANY to pay all of  
9 the expenses under this subtitle, including losses on insurance that the [Fund]  
10 COMPANY issues.

11           **(D) IF THE COMPANY IS PLACED IN CONSERVATORSHIP OR**  
12 **RECEIVERSHIP OR BECOMES INSOLVENT, THE STATE HAS NO LIABILITY OR**  
13 **RESPONSIBILITY TO THE POLICYHOLDERS, PERSONS RECEIVING WORKERS’**  
14 **COMPENSATION BENEFITS, OR THE CREDITORS OF THE COMPANY.**

15           **(E) (1) THE STATE HAS NO INTEREST IN THE ASSETS OF THE**  
16 **COMPANY.**

17           **(2) ALL REVENUES, MONEY, AND ASSETS OF THE COMPANY**  
18 **BELONG SOLELY TO THE COMPANY AND ARE HELD BY THE COMPANY IN TRUST**  
19 **FOR THE POLICYHOLDERS, INJURED WORKERS AND THEIR FAMILIES, AND**  
20 **CREDITORS OF THE COMPANY.**

21           **(F) THE STATE MAY NOT BORROW, APPROPRIATE, OR DIRECT**  
22 **PAYMENTS FROM THE REVENUES, MONEY, OR ASSETS OF THE COMPANY FOR**  
23 **ANY PURPOSE.**

24 **10–119.**

25           **(A) AN EMPLOYEE OF THE COMPANY SHALL CONTINUE TO BE A**  
26 **MEMBER OF THE EMPLOYEES’ RETIREMENT SYSTEM OF THE STATE OF**  
27 **MARYLAND OR THE EMPLOYEES’ PENSION SYSTEM OF THE STATE OF**  
28 **MARYLAND IF THE EMPLOYEE HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE**  
29 **AS DEFINED IN § 20–201 OF THE STATE PERSONNEL AND PENSIONS ARTICLE**  
30 **ON OR BEFORE SEPTEMBER 30, 2010.**

31           **(B) AN EMPLOYEE OF THE COMPANY WHO IS HIRED ON OR AFTER**  
32 **OCTOBER 1, 2010, IS NOT A MEMBER OF THE EMPLOYEES’ RETIREMENT**

1 **SYSTEM OF THE STATE OF MARYLAND OR THE EMPLOYEES' PENSION SYSTEM**  
2 **OF THE STATE OF MARYLAND.**

3 **(C) (1) AN EMPLOYEE OF THE COMPANY ON OCTOBER 1, 2010, WHO**  
4 **HAS LESS THAN 5 YEARS OF ELIGIBILITY SERVICE MAY CONTINUE TO BE A**  
5 **MEMBER OF THE EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND**  
6 **IF ON OR BEFORE DECEMBER 31, 2010, THE EMPLOYEE ELECTS, ON A FORM**  
7 **PROVIDED BY THE BOARD OF TRUSTEES OF THE STATE RETIREMENT AND**  
8 **PENSION SYSTEM, TO REMAIN A MEMBER OF THE EMPLOYEES' PENSION**  
9 **SYSTEM OF THE STATE OF MARYLAND.**

10 **(2) IF ON OR BEFORE DECEMBER 31, 2010, AN EMPLOYEE DOES**  
11 **NOT ELECT TO REMAIN A MEMBER OF THE EMPLOYEE'S PENSION SYSTEM:**

12 **(I) THE EMPLOYEE MAY NOT REMAIN A MEMBER OF THE**  
13 **EMPLOYEE'S PENSION SYSTEM OF THE STATE OF MARYLAND; AND**

14 **(II) THE EMPLOYEE'S ACCUMULATED CONTRIBUTIONS**  
15 **SHALL BE RETURNED TO THE EMPLOYEE, AS PROVIDED IN § 29-502 OF THE**  
16 **STATE PERSONNEL AND PENSIONS ARTICLE.**

17 **(D) FOR AN EMPLOYEE OF THE COMPANY WHO REMAINS IN THE**  
18 **EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND OR THE**  
19 **EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND, THE COMPANY**  
20 **SHALL BE LIABLE FOR AND SHALL PAY TO THE MARYLAND STATE RETIREMENT**  
21 **SYSTEM THE EMPLOYER'S STATE SHARE OF EMPLOYEE RETIREMENT OR**  
22 **PENSION COSTS, AS PROVIDED IN § 21-307(P) OF THE STATE PERSONNEL AND**  
23 **PENSIONS ARTICLE.**

24 10-120.

25 (a) The Board shall administer the [Fund] COMPANY.

26 (b) (1) The Board shall prepare capital and operating budgets for the  
27 [Fund] COMPANY.

28 (2) For information only, the Board shall submit the budgets to the  
29 Senate Budget and Taxation Committee and the House Appropriations Committee.

30 (c) The Board shall issue receipts for money that the [Fund] COMPANY  
31 receives.

32 10-122.

1 (c) (1) To assist it in achieving the goal described under subsection (a) of  
2 this section, the Board shall undertake measures to remove any barriers that limit full  
3 participation by minority business enterprises in brokerage and investment  
4 management services opportunities afforded by the [Fund] COMPANY.

5 (2) The measures undertaken by the Board shall include the use of a  
6 wide variety of media, including the Board's website, to provide notice to a broad and  
7 varied range of potential providers about the brokerage and investment management  
8 services opportunities afforded by the [Fund] COMPANY.

9 (d) In conjunction with the Governor's Office of Minority Affairs, the Board  
10 shall develop guidelines to assist it in identifying and evaluating qualified minority  
11 business enterprises in order to help the [Fund] COMPANY achieve the objective for  
12 greater use of minority business enterprises for brokerage and investment  
13 management services.

14 (e) On or before September 1 each year, the Board shall submit a report to  
15 the Governor's Office of Minority Affairs and, subject to § 2-1246 of the State  
16 Government Article, the General Assembly on:

17 (1) the identity of the minority business enterprise brokerage and  
18 investment management services firms used by the Board in the immediately  
19 preceding fiscal year;

20 (2) the percentage and dollar value of the [Fund] COMPANY assets  
21 that are under the investment control of minority business enterprise brokerage and  
22 investment management services firms; and

23 (3) the measures the Board undertook in the immediately preceding  
24 fiscal year in accordance with subsection (c)(2) of this section.

25 10-125.

26 [(a)] The [Fund] COMPANY shall be examined by the Commissioner in  
27 accordance with Title 2, Subtitle 2 (Enforcement) of the Insurance Article.

28 [(b) As part of an examination under § 2-205 of the Insurance Article, the  
29 Commissioner shall, at least once every 5 years, determine whether the Fund's rate  
30 making practices produce actuarially sound rates.]

31 10-126.

32 (a) Within 90 days after the close of each fiscal year, the Board shall submit  
33 to the Governor an annual report that includes a detailed statement of:

34 (1) the condition and expenses of the [Fund] COMPANY in detail;

- 1 (2) growth of the [Fund] COMPANY;
- 2 (3) changes in earned premiums of the [Fund] COMPANY;
- 3 (4) changes in the number of policyholders of the [Fund] COMPANY;
- 4 (5) the degree of the [Fund's] COMPANY'S personnel flexibility;
- 5 (6) trends in the overall market share; and
- 6 (7) trends in the premium to expense ratio.

7 (b) (1) On or before October 1 of each year, the [Fund] COMPANY shall  
8 submit to the Governor:

9 (i) a copy of each policy form that the [Fund] COMPANY will  
10 use during the next calendar year;

11 (ii) the schedule of premium rates that the [Fund] COMPANY  
12 will charge for the next calendar year;

13 (iii) information about provision for claim payment, as defined in  
14 § 11-330(a) of the Insurance Article, for each class for which the [Fund] COMPANY  
15 writes coverage; and

16 (iv) other information that the Governor requests about  
17 premium rates, including classes, financial information, and losses.

18 (2) (i) Information required under paragraph (1)(ii) through (iv) of  
19 this subsection shall be submitted on the form that the Governor requires.

20 (ii) The form shall conform as closely as possible to the form  
21 that a rating organization uses to comply with §§ 11-307, 11-329, and 11-330 of the  
22 Insurance Article.

23 10-127.

24 If the General Assembly repeals this subtitle, money in the [Fund] COMPANY  
25 at the time of repeal shall be distributed:

26 (1) as the General Assembly provides; or

27 (2) if the General Assembly does not provide for distribution, as justice  
28 requires, with due regard for existing obligations for compensation.

29 10-130.

1 (a) The Board shall adopt a schedule of premium rates in accordance with  
2 sound actuarial practices and shall ensure that the rates are not excessive,  
3 inadequate, or unfairly discriminatory.

4 (b) The Commissioner shall, **AT LEAST ONCE EVERY 5 YEARS**, review the  
5 **[Fund's] COMPANY'S** rates as part of an examination under § 2–205 of the Insurance  
6 Article to determine whether the **[Fund's] COMPANY'S** rate making practices produce  
7 actuarially sound rates.

8 (c) (1) The Board shall determine the schedule by:

9 (i) classifying all of the policyholders on the basis of the  
10 respective level of hazard of their enterprises; and

11 (ii) setting a premium rate for each class on the basis of:

12 1. its level of hazard; and

13 2. incentives to prevent injuries to employees.

14 (2) To determine the schedule, the Board shall use the rating system  
15 that, in the opinion of the Board:

16 (i) most accurately measures the level of hazard for each  
17 policyholder on the basis of the number of injuries that occur in the enterprises of the  
18 policyholder;

19 (ii) encourages the prevention of injuries; and

20 (iii) ensures the solvency of the **[Fund] COMPANY** from year to  
21 year.

22 (3) The Board may set minimum premium rates.

23 10–133.

24 (a) The Board shall adopt policies that provide procedures and standards for  
25 the payment of premiums.

26 (b) **[(1) Subject to paragraph (2) of this subsection] IN ACCORDANCE**  
27 **WITH § 19–406 OF THE INSURANCE ARTICLE**, the **[Board, the President of the**  
28 **Fund, or the Executive Vice President of the Fund] COMPANY** may:

29 (i) cancel the insurance of a policyholder who fails to pay a  
30 premium due to the **[Fund] COMPANY**; and

1 (ii) [refer to the Attorney General, for] **PURSUE** collection[,] **OF**  
2 the debt of any policyholder whose insurance is being canceled under this paragraph.

3 [(2) At least 10 days before the date set for cancellation of insurance  
4 under this subsection, the Board shall:

5 (i) serve on the policyholder, by personal service or by certified  
6 or registered mail sent to the last known resident address of the policyholder, a notice  
7 of intention to cancel insurance; and

8 (ii) submit a copy of the notice to the Workers' Compensation  
9 Commission's designee.

10 (3) Notice under this subsection may be given:

11 (i) for a policyholder that is a corporation, to an official or other  
12 agent of the corporation on whom legal process may be served; and

13 (ii) for a policyholder that is a partnership, to any partner.

14 (4) Notice under this subsection shall state the date on which the  
15 cancellation is to become effective.

16 (5) Whenever a debt is referred under this subsection for collection,  
17 the insurance may not be reinstated until the debt is paid in full.

18 (c) (1) Whenever a debt is referred under this section for collection, the  
19 Board, the President of the Fund, or the Executive Vice President of the Fund shall  
20 provide the Attorney General with:

21 (i) the name of the policyholder;

22 (ii) each known business or resident address of the policyholder;

23 and

24 (iii) a statement of the amount that the policyholder owes to the  
25 Fund.

26 (2) The Attorney General may sue, in the name of the Fund, to collect  
27 the debt.]

28 [(d) (C) If the [President of the Fund] **COMPANY** considers settlement to  
29 be in the best interest of the [Fund] **COMPANY**, a debt that [is referred under this  
30 section for] **THE COMPANY IS PURSUING FOR** collection may be settled.

31 10-135.

1 (a) The Board may:

2 (1) adopt requirements for uniform payroll; and

3 (2) require each policyholder to conform to the requirements.

4 (b) In accordance with the requirements that the Board adopts, each  
5 policyholder shall submit a report on wages or other documentation to the [Board]  
6 **COMPANY** at intervals that the Board sets.

7 (c) The Board or its authorized employee may inspect at any time the payroll  
8 of a policyholder.

9 (d) [(1) Subject to paragraph (2) of this subsection, the Board, the  
10 President of the Fund, or the Executive Vice President of the Fund] **IN ACCORDANCE**  
11 **WITH § 19-406 OF THE INSURANCE ARTICLE, THE COMPANY** may cancel the  
12 insurance of a policyholder who:

13 (i) fails to comply with subsection (b) of this section; or

14 (ii) refuses to allow an inspection authorized under subsection  
15 (c) of this section.

16 [(2) At least 30 days before the date set for cancellation of insurance  
17 under this subsection, the Board shall:

18 (i) serve on the policyholder, by personal service or by certified  
19 or registered mail sent to the last known resident address of the policyholder, a notice  
20 of intention to cancel insurance; and

21 (ii) submit a copy of the notice to the Workers' Compensation  
22 Commission's designee.

23 (3) Notice under this subsection may be given:

24 (i) for a policyholder that is a corporation, to an official or other  
25 agent of the corporation on whom legal process may be served; and

26 (ii) for a policyholder that is a partnership, to any partner.

27 (4) Notice under this subsection shall state the date on which the  
28 cancellation is to become effective.]

29 10-136.

30 A policyholder may cancel a policy under this subtitle, if the policyholder:

- 1 (1) gives the [Fund] COMPANY written notice; and
- 2 (2) promptly pays all premiums owed to the [Fund] COMPANY.
- 3 10–137.

4 If the Board considers an account to be uncollectible, the account may be  
5 charged from the books of the [Fund] COMPANY.

6 10–138.

7 (a) Subject to subsection (b) of this section, the [President of the Fund]  
8 COMPANY may settle a claim that the [Fund] COMPANY has against a governmental  
9 unit or person who is alleged to be liable for an accident for which the [Fund]  
10 COMPANY pays compensation.

11 (b) The [President] COMPANY may settle a claim under this section only if:

- 12 (1) the Workers' Compensation Commission consents; and
- 13 (2) for a settlement that will prejudice any right of an injured  
14 employee, the employee consents.

## 15 Article – State Government

16 12–101.

17 (a) In this subtitle, unless the context clearly requires otherwise, “State  
18 personnel” means:

- 19 (1) a State employee or official who is paid in whole or in part by the  
20 Central Payroll Bureau in the Office of the Comptroller of the Treasury;
- 21 (2) an employee or official of the:
- 22 (i) Maryland Transportation Authority;
- 23 (ii) [Injured Workers' Insurance Fund];
- 24 (iii) Maryland Stadium Authority;
- 25 [(iv)] (III) Maryland Environmental Service;
- 26 [(v)] (IV) overseas programs of the University College of the  
27 University System of Maryland;

- 1                    [(vi)](V)    Maryland Economic Development Corporation;
- 2                    [(vii)] (VI)    Maryland Technology Development Corporation;
- 3                    [(viii)] (VII) Maryland African American Museum Corporation;
- 4                    [(ix)] (VIII)    Maryland Automobile Insurance Fund;
- 5                    [(x)] (IX)      Maryland Health and Higher Educational Facilities
- 6 Authority;
- 7                    [(xi)] (X)      Maryland Agricultural and Resource-Based Industry
- 8 Development Corporation;
- 9                    [(xii)] (XI)    Somers Cove Marina Commission; and
- 10                   [(xiii)] (XII) Maryland Workforce Corporation;

**Article – State Personnel and Pensions**

2–512.

(a) In this section, “qualifying not-for-profit organization” means an organization that:

(1) (i) receives State funds from the Department of Health and Mental Hygiene that cover more than one-third of the organization’s operating expenses; and

(ii) is:

- 1. described in § 501(c)(3) of the Internal Revenue Code;
- and
- 2. exempt from income tax under § 501(a) of the Internal Revenue Code;

(2) is the Legal Aid Bureau, Inc.; [or]

(3) is the Maryland Crime Victims’ Resource Center; **OR**

**(4) IS THE CHESAPEAKE EMPLOYERS’ MUTUAL INSURANCE COMPANY AND IS EXEMPT FROM INCOME TAX UNDER § 501(C)(27) OF THE INTERNAL REVENUE CODE.**

21–307.

1           **(P) FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, AND EACH**  
2 **SUBSEQUENT FISCAL YEAR, FOR EACH EMPLOYEE OF THE CHESAPEAKE**  
3 **EMPLOYERS' MUTUAL INSURANCE COMPANY WHO REMAINS A MEMBER OF THE**  
4 **EMPLOYEES' RETIREMENT SYSTEM OR THE EMPLOYEES' PENSION SYSTEM**  
5 **UNDER § 10–119 OF THE INSURANCE ARTICLE, THE CHESAPEAKE EMPLOYERS'**  
6 **MUTUAL INSURANCE COMPANY SHALL PAY TO THE BOARD OF TRUSTEES THE**  
7 **EMPLOYER CONTRIBUTIONS THAT WOULD OTHERWISE BE REQUIRED TO BE**  
8 **PAID BY THE STATE ON BEHALF OF THE MEMBER.**

9 22–201.

10           (a) Except as provided in subsection (b) of this section, §§ 22–202 through  
11 22–204 of this subtitle apply only to:

12           (8) a court reporter for the Circuit Court for Charles County who is a  
13 member of the Employees' Retirement System on July 1, 1994; [and]

14           (9) a staff employee of the University System of Maryland, Morgan  
15 State University, or St. Mary's College who is a member of the Employees' Retirement  
16 System as of January 1, 1998; AND

17           **(10) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL**  
18 **INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010, IS A MEMBER OF THE**  
19 **EMPLOYEES' RETIREMENT SYSTEM AND HAS MORE THAN 5 YEARS OF**  
20 **ELIGIBILITY SERVICE.**

21 23–201.

22           (a) Except as provided in subsection (b) of this section, §§ 23–203 through  
23 23–205 of this subtitle apply only to:

24           (17) an employee of the Town of Sykesville on or after the date that the  
25 Town of Sykesville begins participation in the Employees' Pension System; [and]

26           (18) an employee of the Town of University Park on or after the date  
27 that the Town of University Park begins participation in the Employees' Pension  
28 System; AND

29           **(19) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL**  
30 **INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010:**

31           **(I) IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM;**  
32 **AND**

1                                   **(II) 1. HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE;**  
2 **OR**

3                                   **2. HAS LESS THAN 5 YEARS OF ELIGIBILITY**  
4 **SERVICES AND ON OR BEFORE DECEMBER 31, 2010, ELECTS TO REMAIN A**  
5 **MEMBER OF THE EMPLOYEES' PENSION SYSTEM UNDER § 10-119 OF THE**  
6 **INSURANCE ARTICLE.**

7           (b) Sections 23-203 through 23-205 of this subtitle do not apply to:

8                           (10) an appointed or elected official who on or after July 1, 2007, is a  
9 member of any other State or local retirement or pension system as defined under  
10 Title 37 of this article; [or]

11                           (11) the Director of the Department of Social Services in Montgomery  
12 County who:

13                                   (i) was transferred into the State Personnel Management  
14 System as an employee of the Social Services Administration of the Maryland  
15 Department of Human Resources;

16                                   (ii) elected, under § 3-403.1 of the Human Services Article, to  
17 remain as a participant in the Montgomery County Employees' Retirement System;  
18 and

19                                   (iii) remains as an employee of the Social Services  
20 Administration of the Maryland Department of Human Resources; **OR**

21                                   **(12) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL**  
22 **INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010:**

23                                   **(I) IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM;**  
24 **AND**

25                                   **(II) HAS LESS THAN 5 YEARS OF ELIGIBILITY SERVICE AND**  
26 **ON OR BEFORE DECEMBER 31, 2010, DOES NOT ELECT TO REMAIN A MEMBER**  
27 **OF THE EMPLOYEES' PENSION SYSTEM UNDER § 10-119 OF THE INSURANCE**  
28 **ARTICLE.**

29           SECTION 2. AND BE IT FURTHER ENACTED, That notwithstanding the  
30 changes made to § 10-113 of the Labor and Employment Article, employees who were  
31 hired by the Injured Workers' Insurance Fund on or before October 1, 2010, are  
32 subject to the following provisions:

33                           (a) An employee of the Chesapeake Employers' Mutual Insurance  
34 Company may not be permanently removed unless:

- 1 (i) written charges are filed;
- 2 (ii) the employee has an opportunity for a hearing in accordance  
3 with Title 10, Subtitle 2 of the State Government Article; and
- 4 (iii) there is a cause for removal.
- 5 (b) This section does not apply to the layoff of an employee because of  
6 lack of work.

7 SECTION 3. AND BE IT FURTHER ENACTED, That, as provided in this Act,  
8 the Chesapeake Employers' Mutual Insurance Company is the successor of the Injured  
9 Workers' Insurance Fund, the Board for the Chesapeake Employers' Mutual Insurance  
10 Company is the successor of the Board for the Injured Workers' Insurance Fund, and  
11 the President of the Chesapeake Employers' Mutual Insurance Company is the  
12 successor of the President of the Injured Workers' Insurance Fund. In every law,  
13 executive order, rule, regulation, policy or document created by an official, employee or  
14 unit of this State, the names and titles of those agencies and officials mean the names  
15 and titles of the successor agency or official, as provided in this Act.

16 SECTION 4. AND BE IT FURTHER ENACTED, That, as of the effective date of  
17 this Act, all the functions, powers, duties, equipment, assets, liabilities, and employees  
18 of the Injured Workers' Insurance Fund shall be transferred to the Chesapeake  
19 Employers' Mutual Insurance Company.

20 SECTION 5. AND BE IT FURTHER ENACTED, That the publisher of the  
21 Annotated Code of Maryland, in consultation with and subject to the approval of the  
22 Department of Legislative Services, shall correct, with no further action required by  
23 the General Assembly, cross-references and terminology rendered incorrect by this  
24 Act. The publisher shall adequately describe any such correction in an editor's note  
25 following the section affected.

26 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 October 1, 2011.